Strictly Confidential.

PAPERS

Regarding the Mysore Subsidy.

Volume IV.

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1. Extract from His Highness the Maharaja's Speech at the Banquet to Their Excellencies the Viceroy and the Lady Irwin (July 1927).

"I do not wish to trouble Your Excellency to-night with Mysore difficulties, but I would remark in passing that one of the chief obstacles which stand in the path of our progress is the present state of our finances. Your Excellency's predecessor, speaking in this half $3\frac{1}{2}$ years ago, told us that, though the Government of India and the Secretary of State had been unable to accept in its entirety our request for a reduction in the amount of the subsidy, it was to be open to us to claim a partial remission, which he anticipated would materially benefit the revenues of the State. For reasons which I need not explain here, that benefit has not as yet materialised, but we continue to hope that some means may be found of affording us at least temporary relief."

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2. Extracts from His Excellency the Viceroy's Speech at the Mysore Banquet (July 1927).

"I now pass on to another subject, on which there has been much correspondence between Your Highness' Government and the Government of India, and to which Your Highness has referred to-night.

2. As Your Highness is aware, after the fall of Seringapatam and the overthrow and death of Tippu Sultan in 1799, the British Government restored Mysore to your grandfather as the representative of the old Hindu Ruling family, and stipulated for an annual subsidy of $24\frac{1}{2}$ lakhs of rupees as the price of protection. The dangers against which protection was required were then hammering at your doors, and if, as a result of the protection extended, those particular perils have disappeared, and Your Highness lives in the heart of profoundest peace, he would be a bold, and I would add a foolish, man who could assert that the need for the protecting hand was less great than it had ever been, or that the dangers, if more remote, were any less real than in the early years of the 19th century.

3. In 1881, after 50 years of British Administration, the State of Mysore was handed over to Your Highness' father, and certain Treaty obligations of the State were commuted, on terms favourable to the Durbar, for a further payment of $10\frac{1}{2}$ lakhs.

4. Your Highness' Government has made frequent representations to the Government of India in favour of some reduction of these payments. The Government of India, while not failing to appreciate your point of view, has always held, as it holds to-day, that having regard to the benefits conferred upon the State, the subsidy was not disproportionate. But there is room in the relations between a paramount power and these Rulers who acknowledge its paramountcy for other qualities besides strict justice. For many years we have watched and admired the maintenance and development of those high standards of administration which you have inherited from the great British Administrators who nursed your State. We have not forgotten the noble services you have rendered to the British Government when the need for service was the greatest, and we are not blind to what Your Highness personally has done to set an example of the fashion in which the Government of a great State should be conducted.

5. But we have also felt that so long as the Provincial Contributions remained unliquidated, the Provinces must have first claim on any surplus we might enjoy. The analogy between the Provinces and the States is not of course complete, but they are alike in one respect—both have important work to do for the millions committed to their charge, and both want money to enable them to do it. We have now been able to remit for this year, and I hope for ever, the contributions formerly payable by the Provinces, and we have been therefore more free to consider your representations, no longer hampered by that particular impediment. Mysore has perhaps a longer tradition of progressive Government than any other

State in India, and the Government of India can feel assured that any relief which they may feel it in their power to give will enure to the benefit of the people of your State.

6. Your Highness, the Government of India, reviewing all these and other considerations, have come to the conclusion that generosity may often be the highest statesmanship, and have accordingly decided to remit in perpetuity, with effect from next financial year, 10½ lakhs out of the annual subsidy you now pay, thus reducing the amount to the sum originally fixed by the Treaty of 1799. The remission I now announce might have come more appropriately three or four years hence on the fiftieth anniversary of the Rendition, but it is a matter of real pleasure to me to be able to announce, on the occasion of my first visit to your State, this practical recognition of the regard we have for the spirit in which Your Highness has maintained the traditions of Government, to which you found yourself the heir. In this matter too we are not acting without precedent. This extra payment was, at its first imposition, out of consideration for the financial situation in the State, remitted for a period of years, and as those responsible for the Government of India in that day decided to assist Mysore at the moment when those entrusted with its administration were on the thereshold of their task, so we are inspired with the desire to assist Your Highness to make further progress in the discharge of the trust committed to your hands."

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3. Letter No. 8467—606-1899, dated 18th August 1927, from the Secretary to the Resident in Mysore, to the Financial Secretary to Government.

In continuation of my letter No. C. 3783-358, dated the 28th April 1925, to the Dewan, I am directed to say that the Government of India, with the previous approval of the Secretary of State, are pleased to reduce the Mysore Subsidy by Rs. 10½ (ten and a half) lakhs, being the amount added at the time of the rendition of Mysore to the Maharaja's Government. The Subsidy, as so reduced, will stand at Rs. 24½ lakhs. The remission will take effect from the 1st April 1928.

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4. Dewan's Minute.

Residency letter, communicating decision of Government of India reducing the Subsidy, has to be appropriately acknowledged. A draft letter may therefore be put up. We have to be careful not to word it in such a way as to prevent further representations being made on the subject.

MIRZA M. ISMAIL,
26-8-27.

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5. Letter No. Pol. 307, dated 6th September 1927, from the Financial Secretary, to the Secretary to the Resident.

I am directed to acknowledge the receipt of your letter No. 8467—606-1899, dated 18th August 1927, intimating that the Government of India have with the approval of the Secretary of State been pleased to reduce the Mysore Subsidy by Rs. 10½ lakhs with effect from 1st April 1928. I am to request you to be so good as to convey to them the deep gratitude of the Mysore Government for the reduction.